

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re:

Case No. 05-44481RDD

DELPHI CORPORATION, ET AL.,

Chapter 11 (Jointly Administered)

Debtor(s).

Hon. Robert D. Drain

**RESPONSE OF THE STATE OF MICHIGAN, DEPARTMENT OF TREASURY TO
DEBTOR'S 20TH OMNIBUS OBJECTION PURSUANT TO 11§USC 502(b) AND FED.
BANKR. P. 3007 TO CERTAIN (C) CLAIMS NOT REFLECTED ON THE DEBTOR'S
BOOKS AND RECORDS, AND (E) TAX CLAIMS SUBJECT TO MODIFICATION**

NOW COMES the State of Michigan, Department of Treasury, by and through its attorneys, Michael A. Cox, Attorney General, and Peggy A. Housner, Assistant Attorney General, and responds to Debtor's Objection as follows:

1. Debtor now objects to Claim #9272, filed as an amended Priority Tax claim on July 11, 2006, in the amount of \$5,731,238.42, as Debtor asserts the claim is not supported by their books and records and request that this court disallow and expunge the entire claim. Claim #9272 was filed against Delphi Corporation as a Priority Tax Claim and at the time of its filing was fully supported by the books and records of the Michigan Department of Treasury. The Michigan Department of Treasury has subsequently amended this priority tax claim on July 23, 2007, in the amount of \$12,954,363.21. The claim continues to be supported by the Michigan Department of Treasury books, records and audit process currently underway at Delphi. The Michigan Department of Treasury asserts that the claim as amended in the amount of \$12,954,363.21 should be allowed and paid as a Priority Tax Claim due and owing that has been

timely and properly filed with this court. All taxes and tax periods included on this claim are entitled to priority status pursuant to 11 USC 507(a)(8).

2. Debtor now objects to Claim #2420, filed on March 27, 2006, as a General Unsecured claim filed against Delphi Automotive Systems, LLC, in the amount of \$10,790,199.00. The Debtor asserts that the claim as filed is overstated and that the amount owed is \$2,892,800.00. The Michigan Department of Treasury asserts that at the time the claim was filed all tax assessments listed on the claim were estimated Use tax assessments for tax years 1999, 2000 and 2001, Use taxes based on the preliminary results of Michigan Treasury Audit. The Michigan Department of Treasury Use Tax Audit for this business entity, Delphi Automotive Systems, LLC is now in the final stages and should be completed within the very near future. The Michigan Department of Treasury asserts that this General Unsecured Claim is a properly and timely filed claim and remains due and owing to the Michigan Department of Treasury unless or until the Michigan Use Tax Audit is completed and that audit result changes the amount owed. (Use Tax Audit expected to be completed by the end of the 2007 calendar year).

3. Debtor now objects to Claim #2422, filed on March 27, 2006, as a Priority Tax Claim filed against Delphi Automotive Systems, LLC, in the amount of \$6,386,401.82.00. The Debtor asserts that the claim as filed is improperly filed and overstated and that the claim should be modified as a General Unsecured Claim in the amount owed of zero dollars. The Michigan Department of Treasury asserts that at the time the claim was filed all tax assessments listed on the claim were estimated Use tax assessments for tax years 2002, 2003, 2004 January through October 7, 2005. The claim additionally asserts an estimated assessment for April 2003 for unpaid and unfiled Diesel Floor Tax. All included taxes and tax periods are entitled to priority

status pursuant to 11 USC 507(a)(8). The Use taxes included on this claim are based on the preliminary results of Michigan Treasury Audit. The Michigan Department of Treasury Use Tax Audit for this business entity, Delphi Automotive Systems, LLC is now in the final stages and should be completed within the very near future. The Michigan Department of Treasury asserts that this Priority Tax Claim is a properly and timely filed claim and remains due and owing to the Michigan Department of Treasury unless or until the Michigan Use Tax Audit is completed and that audit review changes the amount owed. (Use Tax Audit expected to be completed by the end of the 2007 calendar year).

4. Debtor now objects to Claim #4536, filed on May 2, 2006, as a General Unsecured Claim filed against Delphi Automotive Systems Services, LLC in the amount of \$20,048.53. The Debtor asserts that the claim as filed is improperly filed and overstated and that the claim should be modified as a General Unsecured Claim in the amount owed of zero dollars. The Michigan Department of Treasury asserts that at the time the claim was filed all tax assessments listed on the claim were estimated Use tax assessments for tax periods December 2000, January 2001, February 2001 and March 2001. The Use taxes included on this claim are based on the preliminary results of the Michigan Treasury Audit. The Michigan Department of Treasury Use Tax Audit for this business entity, Delphi Automotive Systems Services, LLC is now in the final stages and should be completed within the very near future. The Michigan Department of Treasury asserts that this General Unsecured Claim is a properly and timely filed claim and remains due and owing to the Michigan Department of Treasury unless or until the Michigan Use Tax Audit is completed and that audit changes the amount owed. (Use Tax Audit expected to be completed by the end of the 2007 calendar year).

5. Debtor now objects to Claim #5761, filed on May 12, 2006, as a General Unsecured Claim filed against Delphi Technologies, Inc. in the amount of \$1,250,306.00. The Debtor asserts that the claim as filed is improperly filed and overstated and that the claim should be modified as a General Unsecured Claim in the amount owed of zero dollars. The Michigan Department of Treasury asserts that at the time the claim was filed all tax assessments listed on the claim were estimated Use tax assessments for tax years 1999, 2000 and 2001. The Use taxes included on this claim are based on the preliminary results of the Michigan Treasury Audit. The Michigan Department of Treasury Use Tax Audit for this business entity, Delphi Technologies, Inc. is now in the final stages and should be completed within the very near future. The Michigan Department of Treasury asserts that this General Unsecured Claim is a properly and timely filed claim and remains due and owing to the Michigan Department of Treasury unless or until the Michigan Use Tax Audit is completed and that audit changes the amount owed. (Use Tax Audit expected to be completed by the end of the 2007 calendar year).

6. Debtor now objects to Claim #5762, filed on May 12, 2006, as a Priority Tax Claim filed against Delphi Technologies Inc. in the amount of \$1,276,165.80.00. The Debtor asserts that the claim as filed is improperly filed and overstated and that the claim should be modified as a General Unsecured Claim in the amount owed of zero dollars. The Michigan Department of Treasury asserts that at the time the claim was filed all tax assessments listed on the claim were estimated Use tax assessments for tax years 2002, 2003, 2004, and January through October 7, 2005. All included taxes and tax periods are entitled to priority status pursuant to 11 USC 507(a)(8). The Use taxes included on this claim are based on the preliminary results of a Michigan Treasury Audit. The Michigan Department of Treasury Use Tax Audit for this business entity, Delphi Technologies, Inc. is now in the final stages and

should be completed within the very near future. The Michigan Department of Treasury asserts that this Priority Tax Claim is a properly and timely filed claim and remains due and owing to the Michigan Department of Treasury unless or until the Michigan Use Tax Audit is completed and that audit changes the amount owed. (Use Tax Audit expected to be completed by the end of the 2007 calendar year).

7. Debtor now objects to Claim #6354, filed on May 19, 2006, as a General Unsecured Claim filed against Delphi Corporation in the amount of \$666,927.27. The Debtor asserts that the claim as filed is improperly filed and overstated and that the claim should be modified as a General Unsecured Claim in the amount owed of zero dollars. The Michigan Department of Treasury asserts that at the time the claim was filed it included tax assessments for estimated Use taxes for tax years 1999, 2000 and 2001. It additionally included an estimated Single Business Tax (SBT) assessment for tax year 2001. Both the Use taxes and SBT included on this claim are based on the preliminary results of a Michigan Treasury Audit. The Michigan Department of Treasury Use Tax Audit and Single Business Tax Audit for this business entity, Delphi Corporation is now in the final stages and should be completed within the very near future. The Michigan Department of Treasury asserts that this General Unsecured Claim is a properly and timely filed claim and remains due and owing to the Michigan Department of Treasury unless or until the Michigan Use Tax Audit and Michigan SBT Audit are completed and that those audits result in changes of the amounts owed. (Use Tax Audit expected to be completed by the end of the 2007 calendar year).

8. Debtor now objects to Claim #6383, filed as a General Unsecured Tax claim, filed against Delphi Corporation, which they assert was filed on May 19, 2006, in the amount of \$248,083.00. The Debtor asserts that the claim as filed is improperly filed and overstated and

that the claim should be modified as a General Unsecured Claim in the amount owed of zero dollars. Michigan asserts that Claim #6383 was filed against Delphi Corporation as a General Unsecured Claim on March 23, 2006. The Michigan Department of Treasury asserts that at the time the claim was filed it included tax assessments for estimated Single Business Taxes (SBT) for tax year 2001, 2002, 2003 and 2004. The SBT included on this claim is based on the preliminary results of a Michigan Treasury Audit. The Michigan Department of Treasury Single Business Tax Audit for this business entity, Delphi Corporation is now in the final stages and should be completed within the very near future.

The Michigan Department of Treasury has subsequently amended this general unsecured claim on two different occasions. The original general unsecured claim as filed against Delphi Corporation on March 23, 2006, in the amount of \$248,083.00 and objected to here was amended the first time on April 4, 2006, in the amount of \$671,677.27. This first amended general unsecured claim increased in amount based on additional Use Tax Assessments being added to the claim. Use taxes for tax years 1999, 2000 and 2001 were added to the claim. These Use Tax Assessments continue to part of the Michigan Department of Treasury Audit and continue to change as the Audit progresses.


This General Unsecured Claim was amended a second time on May 16, 2006, in the amount of \$666,927.27 (Which per Delphi records is listed as Claim #6354 and which Debtor has objected to separately in this 20th Omnibus Objection). This is the latest amended General Unsecured Claim filed in this matter against Delphi Corporation. The Michigan Department of Treasury asserts that this Second Amended General Unsecured Claim is a properly and timely filed claim and remains due and owing to the Michigan Department of Treasury unless or until the Michigan Use Tax Audit and Michigan SBT Audit are completed and the audits result in

changes of the amounts owed. (Use Tax Audit expected to be completed by the end of the 2007 calendar year).

Wherefore, the State of Michigan, Department of Treasury respectfully requests that all its claims as presently filed and/or amended be allowed as timely and properly filed claims, unless or until the Michigan tax audits, which are currently underway are concluded and the claims are amended to reflect the results of the Use Tax and Single Business tax audits of the various Delphi Debtors.¹

Respectfully submitted,

MIKE A. COX
Attorney General


/s/ Peggy A. Housner
Peggy A. Housner (P47207)
Assistant Attorney General
Cadillac Place
3030 W. Grand Blvd., #10-200
Detroit, MI 48202
(313) 456-0140
(313) 456-0141 (Fax)

Dated: September 11, 2007

¹ See attached Delphi Bankruptcy Claims Register of the Michigan Department of Treasury.